above the exemption level taxed at a 45 percent rate. In 2010, the estate tax is repealed, replaced with a new tax on inherited assets with unrealized capital gains. In 2011, with the expiration of EGTRRA, the estate tax will return, with the pre–2001 law parameters of a $1 million exemption for an individual and a top rate of 55 percent.

The maximum adjustment in section 7(d) is equal to the difference between the revenues expected from continuing the 2009 estate tax policy, with the nominal exemption level indexed for inflation, through December 31, 2011, and the revenues expected under the 2010 repeal and 2011 return to pre–2001 law. In other words, legislation restoring the estate tax would be scored for PAYGO purposes only to the extent that it costs more than implementing the 2009 policy (indexed) in 2010 and 2011. Because the cost of estate tax policy through 2011 will have budgetary effects beyond 2011, this section clarifies that the adjustment is intended to capture the full budgetary effects in all years resulting from the two-year policy change.

Alternative Minimum Tax. A ''patch'' for the AMT was provided in the Recovery Act, increasing the 2009 AMT exemption to $70,950 for couples and $46,700 for singles in order to prevent the number of taxpayers affected by the AMT from exploding from about four million to about 30 million. This patch expired at the end of 2009.

Section 7(e) provides a maximum adjustment equal to the difference between the revenues expected from adjusting the the AMT exemption levels through 2011 in order to hold the number of taxpayers affected by the AMT at 2008 levels (about 4.2 million), and the revenues expected assuming the expiration of the 2009 AMT patch. Because the cost of AMT relief through 2011 will have budgetary effects beyond 2011, this section clarifies that the adjustment is intended to capture the full budgetary effects in all years resulting from the two-year policy change.

(f) 2001 and 2003 middle-class tax cuts. The 2001 and 2003 income tax reductions enacted under EGTRRA and JGTRRA, as subsequently amended through December 31, 2009, are scheduled to expire at the end of 2010. Section 7(f) provides 12 adjustments for policies benefiting the middle class as they are in effect in 2010. The specific middle-class policies are:

10 percent bracket;

Child Tax Credit, including the expansion in the Recovery Act;

Marriage penalty relief, including the relevant EITC expansion in the Recovery Act;

Adoption credit;

Dependent care credit;

Employer-provided child care credit;

Education tax benefits;

25 percent and 28 percent brackets;

33 percent bracket, but only for individuals with incomes of $200,000 or less, and couples with incomes of $250,000 or less;

Reduced rates on capital gains and dividends, but only for individuals with incomes of $200,000 or less, and couples with incomes of $250,000 or less;

Repeal of the personal exemption phase-out and the limitation on itemized deductions, but only for individuals with incomes of $200,000 or less, and couples with incomes of $250,000 or less; and

Section 179 expensing for small businesses, allowing up to $125,000 of qualified property to be expensed, phasing out for property over $500,000.

The maximum adjustment for the policies in section 7(f) is equal to the difference between the revenues expected if the specified policy were in place after 2010 and the revenues expected if the related provisions expired as scheduled.

(g) Indexing for Inflation. Amounts indexed for inflation are done in accordance with the cost-of-living adjustment rules in section 1(f)(3) of the Internal Revenue Code of 1986. That provision in the Code designates the Department of Labor's Consumer Price Index for all-urban consumers (usually expressed as CPI–U) as the measuring standard. Amounts indexed for inflation in this Act are the nominal exemption amount under the estate tax, as well as the income thresholds for income tax brackets, the rates for capital gains and dividends, the personal exemption phase-out, and the limitation on itemized deductions.

(h) Guidance on Estimates and Current Policy Adjustments. Estimates of budgetary effects of certain tax policies can vary depending on the order in which those policies are enacted into law. The PAYGO statute lays out three rules for addressing costs associated with the interaction of these various provisions.

I. For the interaction between AMT relief and the middle-class tax cuts, all interaction costs are scored as part of AMT relief. Specifically, estimates for determining the AMT adjustment must assume that all of the middle-class tax cuts eligible for a PAYGO adjustment have been enacted, even if these tax cuts have not yet been enacted.

II. Estimates for determining the adjustment for the middle-class tax cuts must assume that AMT relief follows current law as of the end of 2009—that is, they must assume that the 2009 AMT patch expired at the end of 2009, even if AMT relief beyond 2009 has already been enacted.

III. To address the interaction between individual middle-class tax provisions included in the same piece of legislation, provisions must be scored in the order in which they appear in the legislation.

Section 8—Application of BBEDCA: Section 8 specifies how various provisions of BBEDCA, including the special sequestration rules in section 256 of BBEDCA and the baseline rules in section 257 of BBEDCA, apply to this new PAYGO statute.

Section 9—Technical Corrections: Section 9 corrects typographical errors in the text of BBEDCA.

Section 10—Conforming Amendments: Section 10 makes conforming amendments to section 256 of BBEDCA. This section establishes special rules for sequestration for certain mandatory programs or updates the special rules to reflect programs as they now exist.

Section 11—Exempt Programs and Activities: Section 11 lists mandatory programs and activities that are exempt from sequestration. Exemptions under this Act are consistent with the exemption list that was first created in 1990.

That said, the exemption list has been updated to address accounts that have had their account names or numbers changed since 1990, or have been merged or divided. Further, new accounts (since 1990) have been treated the same way that analogous accounts were treated. For example, in the 1990 law the major low-income programs such as Medicaid were exempted from sequestration. The Children's Health Insurance Program (CHIP), new since 1990, is in the same category as Medicaid and also exempt.

The list has been expanded to clarify the treatment of certain transportation programs, notably federal-aid highways and grants-in-aid for airports. The budgetary treatment of these programs is split. They receive mandatory contract authority through authorization bills, but are treated as discretionary programs because their annual spending is controlled by obligation limitations in appropriations bills. These programs are exempt from sequestration to the extent they are controlled by obligation limitations. Remaining mandatory resources in these programs are subject to sequestration.

Finally, as noted in Section 6, non-exempt accounts are subject to a single, uniform percentage cut if a sequestration is required (except Medicare, where the cut is limited to four percent). Under the 1990 law, if a small sequestration was needed, four programs would have been the first ones sequestered: special milk, vocational rehabilitation state grants, student loans, and foster care/adoption assistance. Because this PAYGO statute eliminated this rule, the first three of those programs are treated as any non-exempt account would be treated. But the foster care account is included in the exempt list on the grounds that it is like other low-income programs that were exempted from sequestration in the 1990 law.

Section 12—Determinations and Points of Order: Section 12 affirms that nothing in this Act is intended to limit the authority of the Budget Committee Chairmen to make determinations and estimates of the costs or savings of legislation. In addition, the section authorizes CBO to consult with the Budget Committees to resolve any ambiguities in the interpretation of the Act.

Mr. CAMP. At this time, Madam Speaker, I yield 1½ minutes to the gentlewoman from Florida (Ms. GINNY BROWN-WAITE), a distinguished member of the Ways and Means Committee.

Ms. GINNY BROWN-WAITE of Florida. Madam Speaker, as Yogi Berra once said, It's déjà vu all over again. No way. It is déjà vu all over again.

Just a few months ago, the Democrats marched us down here to the House floor to raise the debt ceiling by over a quarter of a trillion dollars. But that wasn't enough. Here we are again, 90 days later, this time for a whopping $1.9 trillion debt limit increase.

For the uninitiated, a century ago Congress very wisely instituted a statutory cap on the amount that the Federal Government could borrow. Unfortunately, Congress being Congress, this body raised that cap dozens of times during the 20th century and has apparently carried that tradition into this new decade with spectacular new fashion.

As my colleagues on the other side of the aisle are no doubt clamoring over themselves to point out, both parties have done it in times of war and times of crisis, and more recently, this Democrat majority has made spending more of a priority than saving. In short, Madam Speaker, excuses don't make it right.

I wanted to mention PAYGO. I actually voted for PAYGO. I was one of 18 Republicans who, when the Democrats took over, I voted for PAYGO. Unfortunately, this Democrat leadership has waived it so often it has become very ineffective. They waive it more than they implement it.

So I ask my colleagues, don't be misled by so-called PAYGO language, because it simply isn't real.

Mr. BOYD. Madam Speaker, I yield 1½ minutes to the gentleman from Maryland (Mr. VAN HOLLEN).

Mr. VAN HOLLEN. I thank my colleague.